



COUNTY OF LOS ANGELES
DEPARTMENT OF PARKS AND RECREATION
"Creating Community Through People, Parks and Programs"



Tim Gallagher, Director

December 2, 2003

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**ACCEPTANCE OF THE CONSTRUCTION
CONTRACT AND RELEASE OF RETENTION
FOR LENNOX COUNTY PARK
GENERAL IMPROVEMENT PROJECT
C.P NO. 77088, SPEC. NO. 99-0010
(Second District - 3- Vote Matter)**

**JOINT RECOMMENDATION WITH THE CHIEF ADMINISTRATIVE OFFICE THAT
YOUR BOARD:**

1. Accept all work of the Contractor, Alfa-26 Construction Company, which has completed the improvements included in the Lennox Park Project in accordance with plans and specifications.
2. Instruct the Director of Parks and Recreation to (a) release partial retention in the amount of \$167,047 to Alfa-26 Construction Company, which is the undisputed portion of their retention plus any accrued interest from City National Bank escrow account #1119; and (b) withhold the balance of the retention funds until labor compliance issues are resolved with the Community Development Commission (CDC).
3. Authorize the Director of Parks and Recreation to take any necessary actions, as needed, related to the labor compliance issues and to release the remaining retention of \$65,264, in whole or in part, plus any accrued interest from City National Bank escrow account #1119, as the Contractor, Alfa-26 Construction Company, resolves the labor compliance issues to the satisfaction of the Department and CDC staff.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the recommended actions will accept park improvements that have been completed and authorize partial release of retention to Alfa-26 Construction Company.

The project consisted of the renovation and expansion of the Community Building, improvements to the interior and exterior of the Senior Center and Courtyard including demolition and rebuilding of the restrooms and construction of a new shade structure. Other improvements included parking lot renovation and expansion, access improvements in compliance with the Americans with Disabilities Act (ADA), drainage improvements, security lighting, basketball court resurfacing, landscaping, irrigation system improvements, and reroofing of the Senior Center, pool mechanical building, pool bathhouse building and Toy Loan Building. In addition, landscaping improvements at the Senior Center, including the planting of various trees and shrubs, were performed by at-risk youth under the supervision of the Department.

The project construction schedule was extended 12 months to accommodate the Department's need to redesign the ballfield's drainage and to complete approved change orders. Additional work performed as part of this project consisted of change orders resulting from unforeseen conditions such as the removal of a well, the excavation of water-logged soil, the replacement of structurally deficient, water-damaged beams in the bathhouse, the correction of uneven flooring in the Senior Center, the replacement of termite-damaged roofing materials in the Toy Loan Building, the replacement of dry-rotted fascia boards, the replacement of insulation at the Senior Center, and the relocation of high voltage electrical conduit and a high pressure gas line blocking the access to the storm drain connection. There was also a tenant-requested change order for the redesign of the ballfield drainage system.

This project is one of more than 200 capital improvement projects that the Department is undertaking as a result of the voters' approval of the Safe Neighborhood Parks Propositions of 1992 and 1996.

Authorization to Release Retention

The project was funded, in part, by a Community Development Block Grant awarded through CDC by the Department of Housing and Urban Development (HUD). Under the United States Housing Act of 1937 and the Housing Act of 1949, laborers and mechanics working on projects funded through HUD must be paid appropriate wages and fringe benefits per classification of work actually performed without regard to skill, except as provided in 29 CFR Part 5.5(a)(4). HUD or its designee shall, upon its own action or upon written request of an authorized representative of the Department of Labor, withhold or cause to be withheld monies as may be considered necessary to pay laborers and mechanics (HUD 4010.2) who are found to be underpaid.

A CDC compliance review audit in February 2003 identified potential underpayments to workers in the amount of \$163,796.88. Working with the Contractor, the Department has subsequently obtained resolution of all potential underpayments except for \$65,264. The total retention currently held by the Department amounts to \$232,311, plus interest. The Department is now in a position to release all of the retention funds except for \$65,264, which should be withheld unless and until the CDC agrees that the Contractor has resolved the remaining labor compliance issues.

To the extent that the Contractor satisfactorily resolves these remaining disputed claims, this remaining balance of funds, plus any accrued interest from City National Bank escrow account #1119, may be released to Alfa-26 Construction Company.

Implementation of Strategic Plan Goals

The acceptance of the completed portions of this capital project enhances Fiscal Responsibility (goal number four of the County's Strategic Plan) by investing in the public infrastructure and promotes Service Excellence (goal number one) for park patrons through the expansion of recreational programming and special event opportunities.

FISCAL IMPACT/FINANCING

The final construction contract cost for the project was \$2,323,109 including the original construction contract amount of \$2,126,000 and \$197,109 in net change orders. The total project cost including plans, specifications, plan review, construction, consultant services and County services, was \$2,881,402 (see Attachment A), \$41,848 less than the budget amount of \$2,923,250 previously authorized by your Board on September 5, 2000. The final project budget includes increased costs (\$21,690) for the Department's Project Management and Department of Public Works Inspection Services due to the unforeseen conditions which extended the time frame of the project.

The project was financed in the amount of \$2,881,402, as follows:

- The Safe Neighborhood Parks Proposition of 1992 and 1996, \$1,619,031
- Park In-Lieu Fees, Park Planning Area 18, \$64,802
Regional Park and Open Space District Senior Center Competitive Grant, \$300,000
- Community Development Block Grant, \$816,879
- Extraordinary Maintenance Loan/Match Program, \$62,500
- Residual funds from a previous state bond-funded project held in trust, \$18,190

Operating Budget Impact

As a result of the project, Parks and Recreation incurred one-time start-up costs of \$21,402 to purchase supplies and furnishings for the facility in a prior fiscal year. In addition, Parks and Recreation has incurred ongoing annual operating costs of \$59,051 for staffing, utilities, recreational and maintenance supplies. The ongoing operating costs are appropriated in the Department's Fiscal Year 2003-04 adopted budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The project was substantially completed in April 2002 and the Department took beneficial occupancy of all improvements at that time. Acceptance by your Board can be recommended at this time as the capital project is now completed and the Department is requesting the partial release to the Contractor of deposited retention funds and interest thereon.

Public Contract Code Section 22300 allows for earned retention monies to be deposited with a third party financial institution instead of the public entity itself withholding retention from the contractor's progress payments. At the request and expense of Alfa-26 Construction Company, an account was established at City National Bank, as escrow agent, and retentions were deposited by the Department with the escrow agent.

The Department is working with the Contractor and the CDC staff to resolve all remaining labor compliance issues. The monetary amount of the withholding will be monitored and only the amount necessary to cover unresolved labor compliance issues will be withheld until all such issues have been resolved.

This action has been reviewed by County Counsel.

ENVIRONMENTAL DOCUMENTATION

On April 18, 2000, your Board found the project to be categorically exempt from the California Environmental Quality Act (CEQA).

CONTRACTING PROCESS

On September 5, 2000, your Board awarded a construction contract to Alfa-26 Construction Company, as the lowest responsive and responsible bidder meeting the criteria adopted by your Board, in the amount of \$2,126,000 and authorized the Director to approve change orders up to a maximum amount of \$212,600, for a total authorized construction amount of \$2,338,600.

In accordance with your Board's request of February 3, 1998, the Notice Inviting Construction Bids was posted on the County's Office of Small Business web site on April 18, 2000.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The renovation of the park and the expansion of the Community Building have provided the Lennox community with additional and improved recreational facilities.

CONCLUSION

Please instruct the Executive Officer-Clerk of the Board to forward the original and four (4) conformed copies of this letter to the Department of Parks and Recreation and one conformed copy to the Chief Administrative Office, Capital Projects Division for distribution.

Respectfully submitted,



Tim Gallagher
Director

David E. Janssen
Chief Administrative Officer

Attachments (1)

c: Executive Officer (22)
County Counsel
Community Development Commission

Attachment A

ACCEPTANCE OF A CONSTRUCTION CONTRACT FOR THE LENNOX PARK GENERAL IMPROVEMENTS PROJECT C.P. NO. 77088, SPEC. NO. 99-0010 (Second District - 3- Vote Matter)

PROJECT SCHEDULE

Project Activity	Scheduled Completion Date	Revised Completion Date	Date Completed
1. Land Acquisition	N/A		N/A
2. Negative Declaration	N/A		N/A
3. Program	N/A		N/A
4. Schematic Design	12-98		12-98
5. Design Development	03-99		03-99
6. Construction Documents	03-00		03-00
7. Jurisdictional Approval	03-00		03-00
8. Construction Contract Award	08-00		08-00
9. Construction Start	09-00		09-00
10. Beneficial Occupancy	08-01		04-02
11. Final Acceptance	11-01		05-03

II. PROJECT COST SUMMARY

Cost Category	Estimated Project Cost	Impact of Proposed Action	Revised Project Cost	Expenditures & Encumbrance To Date
1. Land Acquisition	N/A	N/A	N/A	N/A
2. Plans and Specifications	\$163,950	\$0	\$163,950	\$163,950
3. Plan Review	\$27,290	(\$9,490)	\$17,800	\$17,800
4. Make-Ready Activities*	\$36,355	\$4,112	\$40,467	\$40,467
5. Construction Contract Change Orders	\$2,126,000 \$212,600	(\$15,491)	\$2,126,000 \$197,109	\$2,126,000 \$197,109
6. Equipment	N/A	N/A	N/A	N/A
7. Consultant Services	\$146,994	(\$37,597)	\$109,397	\$109,397
8. County Services	\$190,352	\$21,690	\$212,042	\$212,042
9. Youth Employment**	\$19,709	(\$5,072)	\$14,637	\$14,637
TOTAL	\$2,923,250	(\$41,848)	\$2,881,402	\$2,881,402

*Cost for Southern California Water company to install necessary water line and fire hydrant.

**Includes labor and supervision.